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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/53
17 February 1958

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
30 January - 13 February 1958

The ratification by the Indonesian Parliament of a \$100-million economic and technical aid agreement with the USSR was the most important event affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 30 January - 13 February 1958. Under terms of the agreement, Indonesia may borrow up to \$100 million for financing the purchase of consumer goods, textiles, agricultural implements, and transportation and communications equipment -- including ships -- as well as for establishing industries and such other projects as may be determined by the Indonesian government. Indonesia also is considering a Soviet offer of 60 small ships, with the intention of accepting the offer if current negotiations with Japanese shipowners break down.

The Egyptian National Assembly ratified an economic agreement with the USSR which provides for a Soviet line of credit of \$175 million for the development of 65 Egyptian projects. Egypt may use the credit for purchasing materials and equipment in Poland, East Germany, and Czechoslovakia as well as in the USSR.

Communist China has made its second contribution (\$2.1 million) to Nepal under the \$12.6-million grant-aid agreement of October 1956. In Burma the Soviet agricultural team probably soon will be enlarged to about 50 members from its present staff of 22.

In Spain, two nongovernmental agreements were signed with members of the Sino-Soviet Bloc. The pacts are between the Instituto Español de Moneda Extranjera and the State Banks of Czechoslovakia and Rumania. On 11 January, Spain reportedly agreed to exchange goods valued at about \$14 million with Czechoslovakia during 1958. On 28 January, Spain and Rumania concluded a similar agreement to exchange goods valued at \$6.5 million each way during 1958. Spain now has three trading agreements with Bloc countries -- the first agreement, concluded with Poland on 5 July 1957, provided for trade valued at \$10 million in each direction.

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